

WATERWORKS DISTRICT NO. 1 OF THE PARISH OF DESOTOMANSFIELD, LOUISIANA

## FINANCIAL STATEMENTS

December 31, 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

9/3/08

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Marsha O. Millican  
Certified Public Accountant  
Shreveport, Louisiana

WATERWORKS DISTRICT NO. 1 OF THE PARISH OF DESOTO

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Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Waterworks District No. 1  
of the Parish of DeSoto  
Mansfield, Louisiana

I have audited the accompanying basic financial statements of Waterworks District No. 1 of the Parish of DeSoto, State of Louisiana, a component unit of the DeSoto Parish Police Jury, as of and for the year ended December 31, 2007, as listed in the table of contents. These financial statements are the responsibility of Waterworks District No. 1's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects the position of the Waterworks District No. 1 of the Parish of DeSoto as of December 31, 2007 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis presented on pages 3 through 6 is not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

In accordance with *Governmental Auditing Standards*, I have also issued a report dated May 13, 2008, on my consideration of Waterworks District No. 1 of the Parish of DeSoto's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

*Marsha O. Millican*

Certified Public Accountant  
May 13, 2008

# *Waterworks District No. 1*

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of DeSoto Parish

PHONE: 318-872-0004  
FAX: 318-872-0005

302 North Washington Avenue  
Mansfield, Louisiana 71052

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of the Waterworks District No. 1 of the Parish of DeSoto's annual financial report presents our discussion and analysis of the District's financial performance during the year ended December 31, 2007. Please read it in conjunction with the District's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

The District had total assets of \$16,887,344 at year end which represents a increase from the prior year of \$1,281,920.

The District's net assets increased \$1,281,920 for the current year.

During the year ended December 31, 2007, the District reduced its long-term debt by \$1,041,761.

### OVERVIEW OF THE FINANCIAL STATEMENTS

These financial statements consist of the following - Management's Discussion and Analysis (this section), the basic financial statements, and notes to financial statements. These components are described below:

#### **Basic Financial Statements**

This annual report consists of a series of financial statements. The Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Net Assets and Cash Flows provide information about the activities of the District as a whole and present a longer-term view of the District's finances. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets report the District's net assets and changes in them. You can think of the District's net assets, the difference between assets and liabilities, as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating.

### FINANCIAL ANALYSIS OF THE ENTITY

#### **Net Assets**

Net assets may serve over time as a useful indicator of the District's financial position. The District's assets exceeded liabilities by \$6,984,617 as of December 31, 2007.

The District's major assets are its fixed assets of \$14,562,438 representing its investment in its water distribution system and water treatment plant. The District owed \$9,746,335 at year end on the debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to the citizens of the District; consequently, these assets are not available for future spending.

\$691,454 (10) of the District's net assets is restricted for debt service. These funds legally must be used to pay interest and principal on the outstanding general obligation bonds.

**Waterworks District No. 1 of the Parish of DeSoto  
Statement of Net Assets  
December 31,**

	<u>2007</u>	<u>2006</u>
Current and other assets	\$ 1,493,956	\$ 1,279,086
Other assets	830,950	817,497
Capital Assets, net of depreciation	<u>14,562,438</u>	<u>14,595,223</u>
Total Assets	<u>16,887,344</u>	<u>16,691,806</u>
Accounts payable and accrued expenses	34,664	69,016
Bonds payable	9,746,335	10,656,896
Other Liabilities	<u>121,720</u>	<u>193,694</u>
Total Liabilities	<u>9,902,719</u>	<u>10,919,606</u>
Invested in capital assets, net of related debt	4,816,103	3,938,327
Reserved for bond retirement	691,454	815,141
Reserved for customer deposits	41,804	40,425
Unrestricted	<u>1,435,976</u>	<u>978,307</u>
Total Net Assets	<u>\$ 6,984,617</u>	<u>\$ 5,772,200</u>

**Waterworks District No. 1 of the Parish of DeSoto**  
**Statement of Changes in Net Assets**  
**December 31,**

	<u>2007</u>	<u>2006</u>
Operating Revenues	\$1,442,439	\$ 972,249
Operating Expenses	<u>1,203,623</u>	<u>1,061,933</u>
Operating Income (Loss)	238,816	( 89,864)
Non operating Income/Expense	<u>1,043,104</u>	<u>717,777</u>
Changes in Net Assets	<u>\$ 1,281,920</u>	<u>\$ 628,093</u>

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

Capital Assets

At the end of 2007, the District had \$14,562,438, net of depreciation, invested in its capital assets. This amount represents a net decrease of \$32,785 as a result of additions of \$406,817 and depreciation expense of \$439,602.

Capital Assets at Year End  
(Net of Depreciation)

	<u>2007</u>	<u>2006</u>
Office Furniture	\$ 4,958	\$ 4,958
Machinery & Equipment	156,038	155,028
Water System	<u>17,148,806</u>	<u>16,742,637</u>
Total	17,309,440	16,902,623
Less: Accumulated Depreciation	<u>2,747,002</u>	<u>2,307,400</u>
Net fixed assets	<u>\$14,562,438</u>	<u>\$14,595,223</u>

Major projects completed in 2007 include the Ranchland Acres/Rambin Farms project that will add an additional 165 customers with the potential of approximately 100 more in the next two years.

## Debt

The District had \$ 9,746,335 in long-term debt as follows:

	General Obligation Bonds	Water Revenue 2001	Revenue 2001 DEQ	Water Revenue 2006	Total
Balance, 1/1/07	6,945,000	\$1,388,096	\$2,013,000	\$ 310,800	\$10,656,896
Proceeds of debt	-	-	-	131,200	131,200
Bonds retired	( 930,000)	( 16,197)	( 93,000)	( 2,564)	( 1,041,761)
Balance, 12/31/07	<u>\$6,015,000</u>	<u>\$1,371,899</u>	<u>\$ 1,920,000</u>	<u>\$ 439,436</u>	<u>\$ 9,746,335</u>

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Management of the District considers the following factors and indicators when setting next year's rates and fees. These factors and indicators include:

- Long-term debt.
- Cost of operations.
- Number of customers.

The District hired a new manager during the current year who is giving greater attention to financial matters and issues. The District is in negotiations with two smaller systems in DeSoto Parish to take over their operations.

## REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Waterworks District No. 1 of the Parish of DeSoto's finances and to show the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Robert Wells, 302 N Washington, Mansfield, Louisiana 71052, or by calling (318) 872-0004.



**WATERWORKS DISTRICT NO. 1 OF THE PARISH OF DESOTO**

Exhibit 1

## Statement of Net Assets

December 31, 2007**Assets****Current Assets**

Cash	\$ 126,897
Taxes Receivable	1,247,932
Accounts Receivable (Net)	95,025
Prepaid Insurance	24,102
Total Current Assets	<u>1,493,956</u>

**Other Assets****Restricted Assets**

Cash	12,259
Investments	720,279
Deposits	800
Fixed Assets (Net)	14,562,438
Bond Issuance Costs	97,612
Total Other Assets	<u>15,393,388</u>

Total Assets	<u><u>\$ 16,887,344</u></u>
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**Liabilities and Net Assets****Liabilities****Current Liabilities**

Accounts Payable and Accrued Expenses	\$ 34,664
Current Portion of Long-Term Debt	609,052
Total Current Liabilities	<u>643,716</u>

**Long-Term Liabilities**

Customer Deposits Payable	69,205
Long-Term Debt, Net of Current Portion	9,137,283
Accrued Interest Payable	52,523
Total Long-Term Liabilities	<u>9,259,011</u>
Total Liabilities	<u>9,902,727</u>

**Net Assets**

Invested in Capital Assets, Net of Related Debt	4,816,103
Reserved for Debt Service	691,454
Reserved for Customer Deposits	41,084
Unreserved	1,435,976
Total Net Assets	<u>6,984,617</u>
Total Liabilities and Net Assets	<u><u>\$ 16,887,344</u></u>

See accompanying notes to financial statements.

**WATERWORKS DISTRICT NO. 1 OF THE PARISH OF DESOTO**

Exhibit 2

## Statement of Revenues, Expenses and Changes in Net Assets

Year Ended December 31, 2007

## Revenues:

Ad Valorem Taxes	\$ 224,533
Charges for Services	1,208,718
Miscellaneous Revenues	<u>9,188</u>
Total Revenues	<u>1,442,439</u>

## Operating Expenses:

Personal Services	289,067
Utilities	68,600
Repair and Maintenance	116,016
Other Supplies and Expense	265,221
Insurance	25,117
Depreciation	<u>439,602</u>
Total Expenses	<u>1,203,623</u>

Total Assets

Operating Income (Loss) 238,816

## Non-Operating Revenues (Expenses):

Interest Income	54,320
Grants	252,970
Ad Valorem Taxes	1,153,786
Interest Expense	<u>(417,972)</u>
Total Non-Operating Revenues (Expenses)	<u>1,043,104</u>

Change in Net Assets 1,281,920

Net Assets- Beginning of Year, as Previously Reported 5,772,200

Prior Period Adjustment (69,503)Net Assets - Beginning of Year, Restated 5,702,697Net Assets - End of Year \$ 6,984,617

**WATERWORKS DISTRICT NO. 1 OF THE PARISH OF DESOTO**

Exhibit 3

## Statement of Cash Flows - Proprietary Fund Type

Year Ended December 31, 2007

## Cash flows from operating activities:

Ad valorem taxes received	\$ 170,371
Cash received from customers	773,295
Cash payments to suppliers	(663,274)
Other operating income	23,821
Net cash provided by operating activities	<u>508,121</u>

## Cash flows from capital and related financing activities:

Proceed from Capital Grants	252,970
Fixed Asset Purchases	(406,817)
Bond Issuance Costs	(29,750)
Ad Valorem Debt Service Proceeds	964,337
Interest paid on long-term debt	(487,188)
Proceeds of long-term debt	131,200
Principal payments on long-term debt	<u>(1,041,761)</u>
Net cash provided by capital and related financing activities	<u>(617,009)</u>

## Cash flows from investing activities:

Investments in LAMP investments	(1,476,215)
Withdrawals from LAMP investments	1,433,382
Interest received on investments	52,021
Net cash provided by investing activities	<u>9,188</u>

Net increase in cash (99,700)

Cash, beginning of year (including \$100,917 in restricted assets)

238,856

Cash, end of year (including \$12,259 in restricted assets)

139,156

## Reconciliation of operating income to net cash provided by operating activities:

Operating income	238,816
Adjustments to reconcile net income to net cash provided by operating activities:	439,602
Depreciation	4,986
Amortization	
Changes in assets and liabilities:	
Increase in taxes receivable	(36,868)
Increase in accounts receivable	(83,611)
Increase in prepaid insurance	(17,702)
Decrease in customer deposits	(2,750)
Decrease in accounts payable	<u>(34,352)</u>

Net cash provided by operating activities

\$ 508,121

See accompanying notes to financial statements.

WATERWORKS DISTRICT NO. 1 OF THE PARISH OF DESOTO

Notes to Financial Statements

December 31, 2007

Waterworks District No. 1 of the Parish of DeSoto, State of Louisiana, was created by Ordinance No 2, of the DeSoto Parish Police Jury on July 24, 1969, and is a political subdivision of the DeSoto Parish Police Jury. The ordinance states that the purpose of the District is to facilitate plans and arrangements for feasibility studies and surveys and the financing, construction, development and operation of a water works system to provide a public water supply within the proposed District. The District is a component unit of the DeSoto Parish Police Jury and is governed by a board of nine commissioners appointed by DeSoto Parish Police Jury.

Waterworks District No. 1 of the Parish of DeSoto, State of Louisiana is in the process of constructing a water system to assist in meeting the domestic, commercial and fire protection demands in DeSoto Parish within the boundaries of the District. Construction of this system is being funded with revenues from a 5.19 mill ad valorem tax proposition passed by voters of April 5, 1997. A 1.02 mill property tax millage authorized to be levied in the years 1997 through 2006 to subsidize operation and maintenance expenses of the system was also passed April 5, 1997.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The financial statements of Waterworks District No. 1 of the Parish of DeSoto have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying component unit financial statements have been prepared in conformity with GASB Statement No. 34, Basic financial statements - and Management's Discussion and Analysis for State and Local Governments, issued in June 1999. The following is a summary of the more significant accounting policies:

Basis of Accounting. The accrual basis of accounting is utilized by the District. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Investments. Investments are stated at cost which approximates market.

Cash Flows. For purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Bad Debts. Taxes receivable are deemed to be fully collectible. An allowance for doubtful accounts is maintained for estimated uncollectible utility receivables.

**2. CASH:**

At December 31, 2007, the carrying amount of the District's cash balances totaled \$139,156 whereas the related bank balances totaled \$174,494. The difference is due to outstanding checks at year end. Bank balances of \$101,242 were insured by FDIC insurance and bank balances of \$73,252 were uninsured.

**3. PER DIEM PAID TO COMMISSIONERS:**

No per diem was paid to commissioners for the year ended December 31, 2007.

(Continued)

WATERWORKS DISTRICT NO. 1 OF THE PARISH OF DESOTO

Notes to Financial Statements

December 31, 2007

**4. TAXES RECEIVABLE:**

Ad valorem taxes are collected by the DeSoto Parish Sheriff and remitted to the District on a monthly basis. For the year ended December 31, 2007, taxes of 6.20 mills were levied with 5.19 mills dedicated to bond retirement and 1.01 mills dedicated for general operating purposes. Taxes receivable at December 31, 2007 are considered to be fully collectible.

**5. INVESTMENTS:**

Investments consist of funds invested in the Louisiana Asset Management Pool (LAMP). LAMP was established and is administered by LAMP, Inc., a nonprofit corporation organized under the law of State of Louisiana. LAMP accepts deposits from public entities. Upon the making of an investment, a public entity becomes a member of LAMP, Inc., similar to a corporate shareholder, and maintains certain rights with respect to the governance of the corporation.

The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality vehicles for investment. The LAMP portfolio includes only securities and obligations in which local governments in Louisiana are authorized to invest. LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, U. S. government, or one of its agencies. The dollar weighted average portfolio of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their balances.

At December 31, 2007 restricted funds on deposit with LAMP (at cost) totaled \$720,280.

**6. ACCOUNTS RECEIVABLE:**

Accounts receivable for customer water bills at December 31, 2007 totaled \$100,146 less an allowance for doubtful accounts of \$5,121.

**7. RESTRICTED ASSETS:**

Restricted assets consist of amounts restricted as follows:

Customer Deposits	\$ 41,084
Revenue Bond Indenture	<u>691,454</u>
Total	<u>\$ 732,538</u>

**8. FIXED ASSETS:**

A summary of fixed assets follows:

Office Furniture	\$ 4,598
Machinery & Equipment	156,038
Water System	<u>17,148,806</u>
	17,309,440
Less: Accumulated Depreciation	<u>2,747,002</u>
Net fixed assets	<u>\$14,562,438</u>

(Continued)

WATERWORKS DISTRICT NO. 1 OF THE PARISH OF DESOTO

Notes to Financial Statements

December 31, 2007

9. LONG-TERM DEBT:

The following is a summary of debt transactions of Waterworks District No. 1 of the Parish of DeSoto for the year ended December 31, 2007:

	General Obligation Bonds	Water Revenue 2001	Water DEQ 2001	Water Revenue 2006	Total
Balance, 1/1/2007	\$ 6,945,000	\$1,388,096	\$2,013,000	310,800	\$10,656,896
Proceeds of debt	-	-	-	131,200	131,200
Bonds retired	( 930,000)	( 16,197)	( 93,000)	( 2,564)	( 1,041,761)
Balance, 12/31/2007	<u>\$ 6,015,000</u>	<u>\$1,371,899</u>	<u>\$1,920,000</u>	<u>\$ 439,436</u>	<u>\$ 9,746,335</u>

Bonds and notes payable at December 31, 2007 are comprised of the following:

General Obligation Bonds:

\$9,900,000 bonds dated October 1, 1997, for the purpose of constructing a waterworks system with the first principal payment of \$100,000 due on April 1, 1998; principal payments thereafter ranging from \$265,000 to \$480,000; interest payments are due on April 1, and October 1, annually with interest rates varying from 8% to 4.5% over the life of the bond issue.

\$ 6,015,000

Water Revenue Bonds - 2001:

Dated August 7, 2001, due in one installment of \$68,875 on August 7, 2002 and monthly payments of \$6,815 from September 7, 2002 to August 7, 2041 bearing interest at 4.75%

\$ 1,371,899

Water Revenue Bonds - 2001 DEQ:

Dated February 19, 2002, first principal payment of \$79,000 due on August 7, 2003; principal payments thereafter ranging from \$83,000 to 166,000; interest payments are due in February and August, annually, bearing interest at 3.45%.

\$ 1,920,000

Water Revenue Bonds - 2006

Draws on \$442,000 2006 Water Revenue Bonds, due in monthly payments of \$1,926 beginning June 7, 2006 through May, 2046: bearing interest at 4.25%

\$ 439,436

(Continued)

WATERWORKS DISTRICT NO. 1 OF THE PARISH OF DESOTO

Notes to Financial Statements

December 31, 2007

The annual requirements to amortize all debt outstanding as of December 31, 2007 including interest payments of \$3,803,745 are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Total</u>
2008	\$ 979,173
2009	985,055
2010	990,767
2011	996,266
2012	999,553
2013 - 2022	8,599,994
Totals	<u>\$ 13,550,080</u>

**10. RETIREMENT PLAN:**

The District is a member of the Parochial Employees Retirement System. Under this System, eligible employees contributes 9.5% of their wages and the District contributes 13.25% of eligible wages. District contributions under this plan for the year ended December 31, 2007 were \$20,471 based on eligible salaries of \$154,501.

**11. PRIOR PERIOD ADJUSTMENT:**

An adjustment in the amount of \$69,503 was made to beginning fund balance to correct customer accounts receivable at the beginning of the year.

Waterworks District No. 1 of the Parish of DeSoto

Corrective Action Taken on Prior Year Findings

For the Year Ended December 31, 2007

FINDING #2006-1: The District is not adequately managing utility receivables.

STATUS: Resolved.

FINDING #2006-2: The District's system administrator failed to comply with R. S. 133(falsifying public records) and 14:140 (public contract fraud).

STATUS: Resolved.

FINDING #2006-3: The District did not comply with R.S. 42:110(employment of family members.

STATUS: Resolved.

FINDING #2006-4: Lack of documentation for credit card expenditures.

STATUS: Resolved.

FINDING #2006-5: The System paid its water superintendent a \$6,000 incentive pay bonus in violation of District policy.

STATUS: Resolved.

FINDING #2006-6: The systems administrator performs a variety of duties that detract from his primary function as systems administrator.

STATUS: Resolved.

FINDING #2007-7: The District did not comply with the Louisiana Public Bid Law.

STATUS: Resolved.





# Marsha O. Millican

**CERTIFIED PUBLIC ACCOUNTANT**

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

Board of Commissioners  
Waterworks District No. 1  
of the Parish of DeSoto  
Mansfield, Louisiana

I have audited the financial statements of Waterworks District No. 1 of the Parish of DeSoto as of and for the year ended December 31, 2007, and have issued my report thereon dated May 13, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

## Internal Control Over Financial Reporting

In planning and performing my audit, I considered Waterworks District No.1 of the Parish of DeSoto's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I do not express an opinion on the effectiveness of the District's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

My consideration of internal control was for the limited purpose described in the second paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control that I consider to be material weaknesses, as defined above.

810 WILKINSON  
SHREVEPORT, LA 71104-3036  
(318) 221-3881  
FAX: (318) 221-4641

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Waterworks District No. 1 of the Parish of DeSoto's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

I noted a certain matter that I reported to management of Waterworks District No. 1 of the Parish of DeSoto's management in a separate letter dated May 13, 2008.

This report is intended solely for the information and use of management and federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Marsha D. Mulhearn*

Certified Public Accountant  
May 13, 2008

Waterworks District No. 1 of the Parish of DeSoto

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2007

There were no findings for the year ended December 31, 2007.



# Marsha O. Millican

**CERTIFIED PUBLIC ACCOUNTANT**

## MANAGEMENT LETTER

Board of Commissioners  
Waterworks District No. 1  
of the Parish of DeSoto  
Mansfield, Louisiana

In planning and performing my audit of the financial statements of Waterworks District No. 1 of the Parish of DeSoto as of December 31, 2007, I considered its internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control structure.

However, during my audit, I became aware of the following matter:

The office manager modified the transaction file in the Quickbooks payroll system to enable his paycheck to be written without the deduction of \$56.91 for the employee portion of health insurance. The twenty three pay periods in 2007 for which he did not withhold the employee health insurance from his check totaled \$1,308.93.

I have discussed the above with management of the District. Management stated the office manager is no longer employed by the District and the funds were repaid subsequent to year end. Management also stated that procedures have been instituted to prevent this situation from occurring in the future.

This report is intended solely for the information and use of the Board of Directors, management, state and federal cognizant agencies and is not intended to be and should not be used by any others within the organization other than these specified parties. Under Louisiana revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*Marsha O. Millican*

Certified Public Accountant  
May 13, 2008

810 WILKINSON  
SHREVEPORT, LA 71104-3036  
(318) 221-3881  
FAX: (318) 221-4641